GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Linda W. Cropp** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**September 23, 2003**
SUBJECT:	**Fiscal Impact Statement: "Alcoholic Beverage Regulations Approval Resolution of 2003"**
REFERENCE:	**Draft – No Bill Number**

Conclusion

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the "Alcoholic Beverage Regulations Approval Resolution of 2003." **The proposed legislation has an estimated positive impact of $902,430 in FY 2004 and a total positive impact of $3.6 million for the period FY 2004 through FY 2007 from increased licensing fees.** All fees collected by the Alcoholic Beverage Regulation Administration are dedicated to the operation of the Administration. There are no changes in expenditures; the program remains the same.

Background

The "Alcoholic Beverage Regulations Approval Resolution of 2003" replaces the existing Chapter 1 through Chapter 18 of Title 23 of the District of Columbia Municipal Regulations with a new Chapter 1 through Chapter 21. The proposed regulations increase a number of alcoholic beverage licensing fees, including the fees for wholesaler's licenses and for Class C and D on-premises retail licenses. The proposed regulations also establish new license categories and fees for caterers and increase or establish fees for numerous other permits and licenses.

In addition, the proposed regulations present a civil infractions schedule and fines for the various types of violations.

The proposed alcoholic beverage regulations address numerous other issues, including moratoriums on certain licenses in certain neighborhoods, appropriateness requirements, license applications, pub crawls, and street festivals.

Financial Plan Impact

The proposed regulations increase or establish fees for a number of licenses and permits. In some cases, there is insufficient data available to assess the positive impact of a fee increase/establishment. In most cases, however, the Alcoholic Beverage Regulation Administration (ABRA) is able to provide estimates on the number of entities affected. The following table summarizes the impact of the fee increases. The attached table provides additional detail.

Fees collected by ABRA are dedicated non-tax revenue. It is the policy of the District government to discourage the allocation of revenue funds directly to agencies as proprietary receipts to operate programs, except in very limited cases where program funding cannot be properly accommodated through the annual budget process. Dedicated revenue fund accounts do not promote sound budgeting and spending practices and otherwise generally erode the integrity of the General Fund.

Whereas licensing revenues are dedicated, revenues from enforcement go to the General Fund. ABRA expects the number of civil infractions penalties to increase due to changes in the proposed regulations that will authorize ABRA investigators to issue citations for approximately 65 ABC violations. However, it is not possible to identify the positive revenue impact because it is not possible to estimate how many civil infraction citations will be issued by ABRA investigators.

ABRA has indicated that it can implement the proposed regulations within its existing budget. ABRA has also noted that it has FY 2004 budget authority, subject to verification of existing funds by the Office of the Chief Financial Officer, to hire six additional fulltime employees. If necessary, ABRA will look to hire additional employees only once offsetting revenue has been collected and verified.

Financial Plan Impact					
	FY 2004	**FY 2005**	**FY 2006**	**FY 2007**	**TOTAL**
Wholesalers licenses	$17,400	$17,400	$17,400	$17,400	$69,600
Off-premises retailers licenses	$267,000	$267,000	$267,000	$267,000	$1,068,000
On-premises retail licenses, Class C	$453,650	$453,650	$453,650	$453,650	$1,814,600
On-premises retail licenses, Class D	$22,180	$22,180	$22,180	$22,180	$88,720
Caterers licenses	$55,000	$55,000	$55,000	$55,000	$220,000
Permits & other licenses	$87,200	$87,200	$87,200	$87,200	$348,800
Total	**$902,430**	**$902,430**	**$902,430**	**$902,430**	**$3,609,720**